

AR21

SOUTH DFAULT MINES LIMITED

(NO PERSONAL LIABILITY)

1102 347

ROOM ~~405~~ ~~302~~ BAY STREET

TELEPHONE ~~EM-44700~~

366 0705

TORONTO 1, ONT.

June 16th. 1967

The Financial Editor,
The Globe & Mail,
King & York Streets,
Toronto 1, Ont.

7.30
Porter 935-8253

Dear Sirs:

Enclosed herewith are two copies of the Annual Report of South Dufault Mines Ltd., for the year ended 31st. December 1966, along with Balance Sheet as at that date.

Notices are also enclosed of the Annual General Meeting of shareholders, to be held at Montreal on Tuesday, June 20th. 1967.

Material was mailed June 14th. to all registered shareholders.

Yours very truly,

SOUTH DFAULT MINES LIMITED, 488-5844

per

H. T. Hurley

ATH:
Encls.

H. T. Hurley,
Secretary-Treasurer

771-6571
canceled

SOUTH DFAULT MINES LIMITED
(No Personal Liability)

BY-LAW NO.12

BE IT ENACTED AND IT IS HEREBY ENACTED as a By-law of South Dfault Mines Limited (No Personal Liability) (hereinafter called the "Company") that:-


1. The Company be and it is hereby authorized to enter into an Agreement with Kerr Addison Mines Limited (hereinafter referred to as "Kerr Addison"), said Agreement relating to the Company's mining claims (hereinafter referred to as the "Mining Claims") situated in the Townships of Rouyn and Dufresnoy, in the Province of Quebec, and providing, inter alia, that:-

mgt proxy (a) During the currency of the Agreement Kerr Addison shall be entitled to exclusive possession of the Mining Claims and to carry out such exploration and development work thereon and thereunder as it in its absolute discretion may deem appropriate, but Kerr Addison shall not be under any specific obligation to carry out any exploration or development work on the Mining Claims;

proper OK!

(b) On the effective date of the Agreement (hereinafter referred to as the "effective date"), Kerr Addison shall pay to the Company the sum of \$5,000 whereupon its exploration rights to the Mining Claims shall remain in full force and effect for a period of one (1) year from the effective date;

(c) If Kerr Addison elects to extend its exploration rights for a further period, it shall pay to the Company the further sum of \$5,000 within one (1) year of the effective date whereupon its exploration rights shall remain in full force and effect and be extended to end two (2) years from the effective date, and if Kerr Addison elects to extend its exploration rights for a still further period, it shall pay to the Company an additional sum of \$25,000 within two (2) years of the effective date whereupon its exploration rights



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Sout1104_1966

shall remain in full force and effect and be extended to end three (3) years from the effective date; provided, however, that in default of either of such payments, Kerr Addison's exploration rights shall cease and determine;

(d) At any time while it enjoys exploration rights under the Agreement with respect to the Mining Claims, Kerr Addison may elect to bring the Mining Claims into commercial production, and upon its so notifying the Company the Mining Claims shall be transferred to a new company (hereinafter referred to as "Newco") to be incorporated under the direction of Kerr Addison as a private or public company, with such object powers, initial corporate proceedings and share capital as Kerr Addison may determine;

(e) Newco shall issue 51% of its authorized common shares to Kerr Addison in consideration of Kerr Addison paying to Newco the sum of \$400,000, less:-

- (i) all monies theretofore expended by Kerr Addison in carrying out exploration work on the Mining Claims; and
- (ii) monies paid by Kerr Addison to the Company as provided in sub-paragraphs (b) and (c) hereof;

(f) Kerr Addison shall receive an additional 20% of the authorized common shares of Newco in consideration for it advancing or arranging for the advancing of sufficient monies at prime bank interest rate to bring the Mining Claims into production;

(g) The Company shall be entitled to receive 29% of the authorized common shares of Newco;

(h) Newco shall also agree that:

- (i) not less than 80% of the cash flow resulting from its operations shall be applied firstly to repay monies, together with interest accruing thereon from time to time, advanced under paragraph (f) above to bring the Mining Claims into production;
- (ii) after all monies and interest referred to in the immediately preceding sub-paragraph (i) have been fully paid, not less than 80% of its cash flow shall be used to pay the Company the sum of \$500,000 with interest thereon at the prime bank interest rate calculated from

the date of the last payment made to completely extinguish the indebtedness referred to in the said immediately preceding sub-paragraph (i); and

(iii) thereafter not less than 80% of its cash flow shall be used to pay the sum of \$300,000 to Kerr Addison;

(i) The Company shall make available to Kerr Addison copies of all reports, drill logs, assay reports and other data and information relating to the Mining Claims and development work carried out thereon and thereunder;

(j) The Agreement, which shall be subject to settlement by Counsel to Kerr Addison and the Company, shall also contain miscellaneous operating provisions normal to such agreements, including such stipulations and provisions as may be approved by the Board of Directors of Kerr Addison and of the Company;

2. The Directors and Officers of the Company be and they are hereby authorized to do and execute all such deeds, documents and things as may be necessary or reasonably required to give full force and effect to the said Agreement.

ENACTED AND PASSED this 9th day of June, 1967.

WITNESS the Corporate Seal of the Company.

.....
President

.....
Secretary

A N N U A L R E P O R T

O F

S O U T H D U F A U L T M I N E S L I M I T E D

Y E A R E N D E D D E C E M B E R 3 1 , 1 9 6 6

S O U T H D U F A U L T M I N E S L I M I T E D

D i r e c t o r s

J. G. PORTEOUS Q.C.	- - - - -	Montreal, Quebec
W. R. SALTER Q.C.	- - - - -	Toronto, Ontario
F. H. JOWSEY	- - - - -	Toronto, Ontario
R. K. McCONNELL	- - - - -	Toronto, Ontario
H. T. HURLEY	- - - - -	Toronto, Ontario

O f f i c e r s

R. K. McCONNELL	- - - - -	President
F. H. JOWSEY	- - - - -	Vice-President
H. T. HURLEY	- - - - -	Secretary-Treasurer

T r a n s f e r A g e n t s

Crown Trust Company

H e a d O f f i c e

Suite 750 1 Place Ville Marie Montreal

E x e c u t i v e O f f i c e

Suite 1910 8 King Street East Toronto

SOUTH DFAULT MINES LIMITED

(NO PERSONAL LIABILITY)

Executive Offices
Suite 1910 - 8 King St. E.
Toronto, Ontario.

TORONTO 1, ONT.

June 13, 1967.


TO THE SHAREHOLDERS:

In forwarding the financial reports of your Company for the year ending 31st December, 1966, your directors are pleased to be able to add information of substantial import.

The Company has received an offer from Kerr Addison Mines Ltd. to undertake additional work on our property in the Noranda area. Your directors consider the terms offered to be favourable and recommend that they be accepted.

Shareholders will be asked to consider these proposals which are embodied in By-law No. 12, a copy of which is enclosed, and to approve same by ratifying this By-law which will be considered at the forthcoming annual and special general meeting, notice of which is enclosed. If you do not plan to be present, kindly sign and return the enclosed proxy. Proxies given to management will be voted in favour of accepting the proposal from Kerr Addison.

Respectfully submitted,



R. K. McConnell,
President.

Auditors' Report to the Shareholders

We have examined the balance sheet of South Dufault Mines Limited (No Personal Liability) as at December 31, 1966 and the statements of exploration and administrative expenditures deferred and deficit for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of exploration and administrative expenditures deferred and deficit are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GUNN, ROBERTS and CO.

Chartered Accountants.

Toronto, Canada

March 1, 1967

SOUTH DUFALC MINES LIMITED

(No Personal Liability)

Incorporated under the laws of Quebec

BALANCE SHEET - DECEMBER 31, 1966

A S S E T S

CURRENT ASSETS

Cash
Guaranteed investment
certificates at cost

424.76
15,000.00 15,424.76

SHARES IN OTHER COMPANIES, at
cost less amounts written
off (quoted market value
\$9,360 - see schedule)

MINING CLAIMS

Claims held under development licenses
in the Townships of Rouyn and Dufresnoy,
Quebec, acquired in consideration for
1,000,000 shares issued at 10¢ per share
and \$10,070 cash

11,594.77

110,070.00

OTHER ASSETS AND DEFERRED CHARGES

Exploration and administrative
expenditures

489,416.29

\$626,505.82

L I A B I L I T I E S

CURRENT LIABILITIES

Accounts payable and accrued liabilities

1,227.86

CAPITAL STOCK AND DEFICIT

Capital Stock

Authorized - 6,000,000 shares

Issued - 5,143,470 shares

Less discount on shares

5,143,470.00

4,491,015.50

Deduct deficit

27,176.54 625,277.96

Approved on behalf of the Board

R. K. McCONNELL - Director

F. H. JOWSEY - Director

\$626,505.82

SOUTH DFAULT MINES LIMITED

(No Personal Liability)

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

Year ended December 31, 1966

Exploration

Rouyn and Dufresnoy Townships, Quebec

Development licenses

1,350.00

General property expenses

493.68

1,843.68

Administrative and General

Administrative salaries

1,200.00

Stenographic and accounting service

627.77

Rent

447.94

Stock exchange filing fee

100.00

Annual meeting expenses

82.78

Transfer agent's fees and disbursements

368.44

Audit fees

175.00

Telephone and telegraph

201.64

Other corporate expenses

477.51

3,681.08

5,524.76

Deduct interest income

723.52

Expenditures (net) for the year

4,801.24

Balance deferred at January 1, 1966

484,615.05

Balance deferred at December 31, 1966

\$489,416.29

STATEMENT OF DEFICIT

Year ended December 31, 1966

Balance January 1, 1966

26,648.97

Add cost of equipment written off

527.57

Balance December 31, 1966

\$ 27,176.54

SOUTH DFAULT MINES LIMITED

(No Personal Liability)

SHARES IN OTHER COMPANIES

December 31, 1966

		Quoted <u>Market Value</u>
100,000	Donrand Mines Limited (including 36,000 shares in escrow)	-
35,000	Goldyke Mines Limited	-
18,000	R. J. Jowsey Mining Company Limited	9,360
41,892	Lyndhurst Mining Company Limited, in escrow	<u>-</u>
		<u>\$9,360</u>

